

2-1 PROBLEM**Determining how transactions change an accounting equation and preparing a balance sheet****1.**

Trans. No.	Assets				=	Liabilities	+	Owner's Equity
	Cash	+ Accts. Rec.— Steve Smith	+ Supplies	+ Prepaid Insurance	=	Accts. Pay.— Wilson Supply	+	George Miller, Capital
Beg. Bal. 1.	1,475 –150	– 0 –	775	250		300		2,200 –150 (expense)
New Bal. 2.	1,325 +200	– 0 –	775	250		300		2,050 +200 (investment)
New Bal. 3.	1,525 +550	– 0 –	775	250		300		2,250 +550 (revenue)
New Bal. 4.	2,075 –400	– 0 –	775	250		300		2,800 –400(expense)
New Bal. 5.	1,675	– 0 –	775 +220	250		300 +220		2,400
New Bal. 6.	1,675	– 0 – +300	995	250		520		2,400 +300 (revenue)
New Bal. 7.	1,675 –300	300	995 +300	250		520		2,700
New Bal. 8.	1,375 –550	300	1,295	250		520		2,700 –550 (expense)
New Bal. 9.	825 +200	300 –200	1,295	250		520		2,150
New Bal. 10.	1,025 –300	100	1,295	250		520 –300		2,150
New Bal. 11.	725 –250	100	1,295	250 +250		220		2,150
New Bal. 12.	475 +1,900	100	1,295	500		220		2,150 +1,900 (revenue)
New Bal. 13.	2,375 –1,000	100	1,295	500		220		4,050 –1,000 (withdrawal)
New Bal.	1,375	100	1,295	500		220		3,050

2.*Miller Tree Service**Balance Sheet**December 31, 20– –*

Assets					Liabilities				
Cash	1	3	7	5 00	Accts. Pay.—Wilson Supply	2	2	0 00	
Accts. Rec.—Steve Smith	1	0	0 00		Owner's Equity				
Supplies	1	2	9 5 00		George Miller, Capital	3	0	5 0 00	
Prepaid Insurance		5	0 0 00						
Total Assets	3	2	7 0 00		Total Liab. and Owner's Equity	3	2	7 0 00	